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ANNUAL REPORT

APRIL 1ST. 1953

MARCH 31ST. 1954

Edmonton, October 1, 1954.

Edmonton, Alberta,

October 1, 1954.

Honourable Gordon E. Taylor,
Minister of Telephones,
Province of Alberta,
To His Honour,

J.J. Bowlen,

Lieutenant Governor of the Province of Alberta,

Sir:-
Edmonton, Alberta.

Herewith is submitted the forty-second Annual
Report of the Alberta Government Telephones, covering the fiscal
Sir:-
year ended March 31st 1954.

I have the honour to transmit the Forty-
second Annual Report of the Department of Telephones for
the year ended March 31st 1954.

toll plant resulting in the connection of thousands of new sub-
scribers and the accommodation of a greatly increased demand

for long distance toll service. Revenue from all sources
showed a substantial increase over the previous year and although,

Your obedient servant,
due to system expansion, an enlarged staff and general salary in-

creases to our personnel, the cost of operating the system also
increased, the net surplus was at an all time high.

Gordon E. Taylor,

We believe Minister of Railways and Telephones.

in the quality of the service to our patrons and although a
record was established in the number of new stations added to

Edmonton, October 1, 1954.

Honourable Gordon E. Taylor,
Minister of Telephones,
Province of Alberta,
EDMONTON, Alberta.

Sir:-

Herewith is submitted the forty-second Annual Report of the Alberta Government Telephones, covering the fiscal year ended March 31st 1954.

It is a pleasure to report still another year of growth and expansion in the operations of the Alberta Government Telephones. Major additions were made to both exchange and toll plant resulting in the connection of thousands of new subscribers and the accommodation of a greatly increased demand for long distance toll service. Revenue from all sources showed a substantial increase over the previous year and although, due to system expansion, an enlarged staff and general salary increases to our personnel, the cost of operating the system also increased, the net surplus was at an all time high.

We believe there has been a marked improvement in the quality of the service to our patrons and although a record was established in the number of new stations added to

Edmonton, October 1, 1954.

Honourable Gordon E. Taylor,
Minister of Telephones,
Province of Alberta,
EDMONTON, Alberta.

Sir:-

Herewith is submitted the forty-second Annual
Report of the Alberta Government Telephones, covering the fiscal
year ended March 31st 1954.

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toll plant resulting in the connection of thousands of new sub-
scribers and the accommodation of a greatly increased demand
for long distance toll service. Revenue from all sources
showed a substantial increase over the previous year and although
due to system expansion, an enlarged staff and general salary in-
creases to our personnel, the cost of operating the system also
increased, the net surplus was at an all time high.

We believe there has been a marked improvement

in the quality of the service to our patrons and although a

record was established in the number of new connections made during the year.

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the system there was still a substantial backlog of waiting applications on file at the end of the fiscal year, due to the sustained demand from new applicants for service. Every effort is being made to serve these people as quickly as possible.

Progress is being made in our long range program of converting manually operated exchanges to dial service, the following being changed during the year under review:-

Bawlf	Jasper Place
Berwyn	Mundare
Blackie	Namoo
Brant	Ralston
Grassy Lake	Vauxhall
Grimshaw	

The proportion of Alberta Government Telephones stations now operating on a dial basis is 74.05%. Including the City of Edmonton Telephone System the figure is 82.82% of all the exchange telephones in Alberta.

The following is a more detailed report on the year's operations:-

EXCHANGE SERVICE

The total number of Alberta Government Telephones stations in service at the end of the fiscal year was 118,179 consisting of 116,709 exchange stations, 198 toll stations and 1,272 "X" party line stations. During the year, 29,518 telephones were connected and 12,640 disconnected, resulting in a net

increase of 16,878, constituting an all time record. The increase for the previous year was 10,964.

Rural Mutual Companies, numbering 868, showed a net gain of 745 stations to a total of 26,599.

The total number of telephones in service in the Province, as at March 31st 1954, follows:-

Alberta Government Telephones Stations	-	118,179
Rural Mutual Company Stations	-	26,599
City of Edmonton (private system)	-	<u>60,069</u>
Total Stations	-	<u>204,847</u>

At March 31st 1953, we reported 14,285 applicants waiting for A.G.T. exchange service and in spite of the fact we recorded a net gain of 16,878 stations during the fiscal year the waiting list at March 31st 1954 still numbered 9,520.

The following shows the telephone development in the Province during the last ten years:-

<u>Fiscal Year Ended</u>	<u>A.G.T. Stations</u>	<u>Mutual Co. Stations</u>	<u>Private System</u>	<u>Total Stations</u>
Mar. 31-1945	44,247	19,327	24,713	88,287
" " 1946	46,594	19,765	25,866	92,225
" " 1947	49,365	20,633	26,703	96,701
" " 1948	55,506	21,382	28,274	105,162
" " 1949	60,739	22,456	30,284	113,479
" " 1950	69,716	23,286	35,328	128,330
" " 1951	78,741	24,144	40,937	143,822
" " 1952	90,337	24,841	47,752	162,930
" " 1953	101,301	25,854	53,989	181,144
" " 1954	118,179	26,599	60,069	204,847

increase of 16,878, constituting an all time record. The increase for the previous year was 10,964.

Rural Mutual Companies, numbering 888, showed a

net gain of 745 stations to a total of 26,593.

The total number of telephones in service in the

Province, as at March 31st 1954, follows:-

Alberta Government Telephone Stations	- 118,179
Rural Mutual Company Stations	- 26,593
City of Edmonton (private system)	- 60,089
Total Stations	- 204,861

At March 31st 1953, we reported 14,285 applicants

waiting for A.G.T. exchange service and in spite of the fact we

recorded a net gain of 16,878 stations during the fiscal year the

waiting list at March 31st 1954 still numbered 8,520.

The following shows the telephone development in

the Province during the last ten years:-

<u>Fiscal Year</u> <u>Ended</u>	<u>A.G.T.</u> <u>Stations</u>	<u>Mutual Co.</u> <u>Stations</u>	<u>Private</u> <u>System</u>	<u>Total</u> <u>Stations</u>
Mar. 31-1945	44,247	19,327	24,715	88,289
" " 1946	46,594	19,765	25,866	92,225
" " 1947	48,865	20,638	26,703	96,206
" " 1948	52,506	21,382	28,274	102,162
" " 1949	60,739	22,426	30,284	113,449
" " 1950	69,716	23,286	32,828	125,830
" " 1951	78,741	24,144	40,937	143,822
" " 1952	90,337	24,841	47,762	162,940
" " 1953	101,301	25,624	52,989	181,144
" " 1954	118,179	26,593	60,089	204,861

Exchange Service Revenue for the year amounted to \$4,619,475.26, an increase of \$644,575.91 over the previous year, reflecting the substantial number of new subscribers added to the system.

The following illustrates the steady increase in Exchange Service Revenue during the last ten years:-

<u>Fiscal Year Ended</u>	<u>Exchange Service Revenue</u>	<u>Increase over Previous Year</u>
Mar.31-1945	\$ 1,744,378.45	\$ 74,595.89
" " 1946	1,816,931.09	72,552.64
" " 1947	1,942,520.26	125,589.17
" " 1948	2,139,020.79	196,500.53
" " 1949	2,386,129.62	247,108.83
" " 1950	2,680,963.30	294,833.68
" " 1951	3,065,790.95	384,827.65
" " 1952	3,485,459.70	419,668.75
" " 1953	3,974,899.35	489,439.65
" " 1954	4,619,475.26	644,575.91

During the year the outside plant at ten exchanges was completely rebuilt and nineteen other exchanges partially rebuilt.

TOLL SERVICE

The number of long distance calls completed reached a new record of 8,569,511 compared to 7,719,426 the previous year, a gain of 850,085 or 11.01%.

Net toll revenue again showed a substantial increase to a record total of \$6,906,520.68, a gain of \$935,225.52 or 15.7% over the previous year. The net toll revenue represents 55.3% of our total operating revenues as against 55.7% last year.

Comparative figures of toll calls completed and net toll revenue for the last decade are as follows:-

Toll Calls Completed

<u>Fiscal Year Ended</u>	<u>Calls Completed</u>	<u>Increase over Previous Year</u>	<u>Percent Increase</u>
Mar.31-1945	3,225,869	375,877	13.2%
" " 1946	3,632,300	406,431	12.6%
" " 1947	4,136,723	504,423	13.9%
" " 1948	4,474,542	337,819	8.1%
" " 1949	5,092,794	618,252	13.8%
" " 1950	5,602,546	509,752	10.0%
" " 1951	6,258,353	655,807	11.7%
" " 1952	6,950,911	692,558	11.1%
" " 1953	7,719,426	768,515	11.0%
" " 1954	8,569,511	850,085	11.1%

Net Toll Revenue

<u>Fiscal Year Ended</u>	<u>Net Toll Revenue</u>	<u>Increase over Previous Year</u>	<u>Percent Increase</u>
Mar.31-1945	\$ 1,888,618.00	\$ 185,541.00	10.9%
" " 1946	2,111,710.00	223,551.00	11.8%
" " 1947	2,419,845.00	308,135.00	14.6%

<u>Fiscal Year Ended</u>	<u>Net Toll Revenue</u>	<u>Increase over Previous Year</u>	<u>Percent Increase</u>
Mar. 31-1948	\$ 2,769,538.00	\$ 349,693.00	14.5%
" " 1949	3,255,772.00	486,234.00	17.5%
" " 1950	3,778,735.00	522,963.00	16.1%
" " 1951	4,478,244.00	699,509.00	18.5%
" " 1952	5,111,764.00	633,520.00	14.1%
" " 1953	5,971,295.00	859,530.00	16.8%
" " 1954	6,906,521.00	935,225.00	15.7%

FINANCIAL

Operating Income

Once again we are able to report that our operating revenues have set a new record, the total for the fiscal year under review being \$12,485,223.69. This represents an increase of \$1,771,185.24 over the previous year or 16.5%. This is the largest dollar and percentage increase for one year in the history of the system. The revenue was derived from the following sources:-

Exchange Service	-	\$ 4,619,475.26
Toll Service (net)	-	6,906,520.68
Connecting Company Service	-	185,447.98
Miscellaneous Operating Revenue	-	<u>773,779.77</u>
Total Operating Revenue	-	<u>\$12,485,223.69</u>

In addition to the above there was a non-operating revenue of \$9,246.61.

The following shows the steady increase in total operating revenues during the past few years:-

<u>Fiscal Year Ended</u>	<u>Total Operating Revenues</u>	<u>Increase over Previous Year</u>	<u>Percent Increase</u>
Mar.31-1949	\$ 6,089,611.25	\$ 779,430.69	14.6%
" " 1950	6,977,787.78	888,176.53	14.6%
" " 1951	8,117,563.33	1,139,775.55	16.3%
" " 1952	9,306,029.52	1,188,466.19	14.6%
" " 1953	10,714,038.45	1,408,008.93	15.1%
" " 1954	12,485,223.69	1,771,185.24	16.5%

It might be observed that this record has been accomplished without any increase in local or long distance service rates, the last rate increase taking place in October 1926. I think it may be said that telephone service in Alberta is probably the only commodity that has not increased in cost during the last several years, particularly when we take into consideration the fact that urban service, with very few exceptions, is exclusively on a private or individual line service basis.

Operating Expenses

Operating Expenses (operation and maintenance combined) amounted to \$5,841,925.65 for the fiscal year, an increase of \$805,565.16 or 16% over the previous year. This, of course, was the result of system expansion, additions to staff and a general salary adjustment to all personnel.

Included in total Operating Expenses is the net cost of operating Radio Station CKUA which amounted to \$80,228.88 as compared to \$86,929.16 last year. Total expenditures by the Alberta Government Telephones on behalf of the Radio Station since taking over its operation in April 1944 now amount to \$613,694.00, of which \$41,338.00 is Capital and \$572,356.00 is for operation.

Surplus

The net surplus, after allowing \$1,620,000.00 for Depreciation (compared to \$1,200,000.00 last year) and transferring \$763,964.19 to the Capital Payments Reserve, representing repayments of principal on the long term debt, (compared to \$555,738.71 last year) amounted to \$2,899,817.27, an increase of \$92,443.46 over the previous year. Upon recommendation, and approved by the Provincial Auditor, the sum of \$2,000,000.00 is being transferred from Surplus to Depreciation Reserve by authority of O.C.1007/54, in order to bring that account to a figure more in keeping with the value of our Plant in service.

Plant in Service

At the end of the fiscal year, the value of Plant in service was \$55,652,202.83, a net increase of \$10,089,304.33 over March 31st 1953. The increase was made up as follows:-

Land and Buildings	- \$ 1,330,376.05
Equipment	- 4,380,395.75
Exchange Lines	- 1,339,006.60
Toll Lines	- 1,574,081.11
Construction in Progress	- <u>1,465,444.82</u>
Total Increase	- <u>\$10,089,304.33</u>

The following statement shows the Plant in Service, Operating Revenues and Operating Expenses for each of the last nine fiscal years:-

<u>Fiscal Year Ended</u>	<u>Plant in Service</u>	<u>Operating Revenue</u>	<u>Operation and Maintenance</u>
Mar.31-1946	\$16,378,246.59	\$ 4,402,076.48	\$ 1,463,181.86
" " 1947	17,017,874.72	4,781,961.43	1,653,202.12
" " 1948	18,799,569.95	5,318,175.51	1,975,191.35
" " 1949	21,467,009.68	6,092,547.83	2,329,975.62
" " 1950	25,650,607.53	6,984,055.29	2,818,178.73
" " 1951	29,586,373.12	8,117,563.33	3,258,812.10
" " 1952	36,516,830.72	9,306,029.52	4,244,978.09
" " 1953	45,562,898.50	10,714,038.45	5,036,360.49
" " 1954	55,652,202.83	12,485,223.69	5,841,925.65

The following figures show the annual net increases in total Plant, Operating Revenues and telephones in service for the last nine years:-

<u>Fiscal Year Ended</u>	<u>Net Increase in Plant over Previous Year</u>	<u>Increase in Operating Revenues over Previous Year</u>	<u>Increase in Telephones at End of Year</u>
Mar.31-1946	\$ 370,450.00	\$ 357,441.00	2,347
" " 1947	639,628.00	354,315.00	2,771
" " 1948	1,781,696.00	553,789.00	6,141
" " 1949	2,667,440.00	779,430.00	5,233
" " 1950	4,183,598.00	888,177.00	8,977
" " 1951	3,935,766.00	1,139,776.00	9,025

<u>Fiscal Year Ended</u>	<u>Net Increase in Plant over Previous Year</u>	<u>Increase in Operating Revenues over Previous Year</u>	<u>Increase in Telephones at End of Year</u>
Mar. 31-1952	\$6,930,458.00	\$ 1,188,466.00	11,596
" " 1953	9,046,068.00	1,408,009.00	10,964
" " 1954	<u>10,089,304.00</u>	<u>1,771,185.00</u>	<u>16,878</u>
Total			
Increase Nine			
Year Period	<u>\$39,644,408.00</u>	<u>\$ 8,440,588.00</u>	<u>73,932</u>
Per Cent			
Increase over			
March 1945	248%		167%

Gross additions during the year to total plant, including construction in progress, amounted to \$12,580,113.37 and plant retired from service \$2,490,809.04, resulting in net additions of \$10,089,304.33 as already mentioned.

Reserve for Uncollectible Accounts

As a result of the many additional subscribers now receiving service and the ever-increasing volume of business, there is some increase in this group of accounts. However, the financial loss from uncollectible accounts during the year was only \$10,280.47 or about 1/12 of 1% of revenue. During the year an amount of \$12,000.00 was added to the Reserve by monthly appropriations and this was slightly in excess of the total charges against the Reserve. In view of the increase in the number of accounts the monthly appropriations for the fiscal year 1954-55 are being increased to \$1,250.00 or \$15,000.00 per annum.

Special Funds

The Depreciation and Renewal Reserve Fund as at March 31st 1954 amounted to \$1,116,282.99, an increase of \$35,330.54 over last year. In March, Dominion Government bonds having a par value of \$25,000.00 were purchased by the Provincial Treasurer for the Fund so that it is now represented by:-

Investments (par value)	-	\$ 1,095,000.00
Cash in Bank and accrued interest	-	<u>21,282.99</u>
		<u>\$ 1,116,282.99</u>

Telephone Debt

Eight Million Dollars were borrowed from the Provincial Treasurer during 1953-54 to help finance the construction program. This amount is amortized over a period of twenty-five years at an interest rate of $3\frac{1}{2}\%$. Previous loans carried a 3% interest rate. Since the refunding in 1945, the total payments to the Provincial Treasurer on principal and interest amount to \$11,935,680.00 as shown by the following table:-

<u>Original Amount of Borrowings</u>	<u>Repayments of Principal</u>	<u>Interest Payments</u>	<u>Total Payments</u>	<u>Outstanding Debt Mar. 31, 1954</u>
\$18,000,000.00	\$2,700,267.00	\$4,723,438.00	\$ 7,423,705.00	\$15,299,733.00
3,000,000.00	2,481,047.00	563,205.00	3,044,252.00	518,953.00
2,000,000.00	169,091.00	208,455.00	377,546.00	1,830,909.00
5,000,000.00	277,602.00	317,975.00	595,577.00	4,722,398.00
7,000,000.00	191,429.00	241,945.00	433,374.00	6,808,571.00
8,000,000.00	-	61,226.00	61,226.00	8,000,000.00
<u>\$43,000,000.00</u>	<u>\$5,819,436.00</u>	<u>\$6,116,244.00</u>	<u>\$11,935,680.00</u>	<u>\$37,180,564.00</u>

Final payment dates on the preceding items are as follows:-

- No. 1 - June 1st 1980
- " 2 - June 1st 1955
- " 3 - December 1st 1975
- " 4 - December 1st 1976
- " 5 - December 1st 1977
- " 6 - December 1st 1978

In the year 1954-55 we will have to pay the Provincial Treasurer a total amount of \$2,469,988.22 on all present debt schedules, of which \$1,334,571.02 will be repayments of principal and \$1,135,417.20 will be interest.

Since 1945 we have increased the value of our Plant by \$39,644,408.00 but our outstanding interest bearing debt has only increased by \$16,180,564.00, the balance having been financed from Reserves and revenue.

Depreciation and Renewal Reserve

The Depreciation and Renewal Reserve at the end of the year's operations amounted to \$8,052,551.91 but in view of the very large increase in our Plant in Service, the Reserve was not considered to be adequate. Therefore, as previously mentioned, \$2,000,000.00 is being transferred from Surplus as authorized by O.C.1007/54 and the Reserve will then represent 18.6% of our Plant in Service.

MISCELLANEOUS

Pension Fund Statistics

The number of employees in the Pension Fund as at March 31st 1954 was 1,591 composed of 734 males and 857 females. This is an increase of 190 over the figure at the end of the previous fiscal year.

At the end of the fiscal year, pensions were being paid to 164 retired employees or widows of former employees, the average monthly pension being \$81.95. Total amount paid out in pensions during the year was \$155,520.69.

Pension Fund investments at March 31st 1954 amounted to \$4,545,000.00 (par value) and a break-down of these investments gives the following result:-

Dominion Government Bonds	-	\$ 1,345,000.00	- 29.6%
Bonds of various Provinces	-	1,896,000.00	- 41.7%
Bonds of various Cities	-	<u>1,304,000.00</u>	<u>- 28.7%</u>
		<u>\$ 4,545,000.00</u>	<u>-100%</u>

In accordance with the amendment to the Pension Plan last year, the system has been contributing to the Fund at the rate of 8% of the salaries of participating employees. This was the rate considered necessary by the Actuary to maintain the Fund on a solvent basis. As the last actuarial study was made at December 31st 1951, a new one will be obtained as at December 31st 1954 in order to conform to the provisions of the Plan.

Staff

During the year our regular staff increased by 225, the total at March 31st 1954 being 2,195, composed of 856 males and 1,339 females. Salaries including cost of living bonus, paid to these employees totalled \$5,481,911.56, an average of \$2,497.00 per employee. The comparative figures for the two previous years were:-

1952-53- Total salaries \$4,726,224.12 - average per employee
\$2,399.00

1951-52- Total salaries \$3,978,088.25 - " " "
\$2,300.00

Agents' salaries amounted to \$474,291.21 and commissions paid to other Agents were \$76,126.24.

Total salaries and commissions, therefore, paid by the Department during the year were \$6,032,329.01 or 48.2% of our operating revenue. This compares with \$5,214,348.83 and 48.7% last year.

Total increase in salaries and commissions over last year is \$817,980.18 or 15.7%.

Payroll Deductions for Community Services, etc.

Deductions from payrolls covering contributions by employees to Community Chests and Red Cross amounted to \$4,966.75 during the year.

Purchase by employees of the last issue of Savings Bonds through payroll deductions amounted to \$139,700.00

compared with \$134,150.00 for the previous issue. Number of individual applications was 739, an increase of 2 over the year before.

Appreciation

It is a pleasure and privilege once again to pay tribute to the entire staff for their loyal and splendid service and to whom in large measure can be attributed the successful results of the year's operations.

Respectfully submitted,


DEPUTY MINISTER OF TELEPHONES

C O M M E R C I A L

CONDENSED STATION REPORT - Year ended March 31st 1954.

Exchange Subscribers' Stations	90,323
Exchange Subscribers' Extensions	12,897
Exchange P.A.X. Sub-Stations	3,409
Exchange P.B.X. Sub-Stations	8,863
Pay Stations	1,011
Toll Stations	198
Private A.B. Line Stations	206
A.G.T. "X" Line Stations	<u>1,272</u>
	118,179

Number of Rural Mutual Telephone Company and other Private Owned Party Line Stations	26,599
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STATEMENT OF EXCHANGE & TOLL OFFICES IN THE PROVINCE
Year ended March 31st 1954.

Number of Alberta Government Telephones Exchanges - 368	
Number of Alberta Government Telephones Toll Offices -	198
Number of Alberta Government Telephones Exchange Stns-	116,709
Number of Alberta Government Telephones "X" Line Stns-	<u>1,272</u>
	118,179

Number of Rural Mutual Telephone Companies	-860
Number of Rural Mutual Telephone Co. Stns	- 26,599
Number of Connecting Exchanges, Edmonton	- 1
Number of Connecting Exchange Stations	- <u>60,069</u>
Total Stations in the Province	<u>204,847</u>

P L A N T

TOLL WORK UNDERTAKEN AND COMPLETED

April 1st 1953 to March 31st 1954

Constructed

Toll Pole Miles	228.7
Wire Miles	2,836

Rebuilt

Toll Pole Miles	110
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EXCHANGES REBUILT

Completely rebuilt	10
Partially rebuilt	19

NEW EQUIPMENT INSTALLED DURING YEAR

April 1st 1953 to March 31st 1954

Automatic	18,100	Lines
Common Battery	300	"
Magneto	1,579	"

STATISTICS

Number of Automatic Exchanges	27
" " Common Battery Exchanges	7
" " Magneto Exchanges	323
" " Remote Control Exchanges	11

Miles of Poles

Exchange	790
Toll	5,666

Total	<u>6,456</u> Miles
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Miles of Wire

In Underground Cable	145,793
In Aerial Cable	140,412
Open Wire	<u>76,922</u>

Total	<u>363,127</u> Miles
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General Statistics for Year ending
March 31st 1954

Traffic Payroll Offices	45
Offices giving Continuous Service	164
Toll Centers	81
Tributary Offices	501
Number of Cities, Towns & Hamlets in Alberta having Telephone Connection	1,130
Number of "Out" Tickets Completed and Billed	8,569,511
Offices using Teletype for Departmental Business	3
Number of Physical L.D. Lines	544
" " Phantom " " "	138
" " part-Phantom & part-Physical L.D. Lines	23
" " Carrier L.D. Lines	246
" " Combined Carrier & Physical or Phantom L.D. Lines	10
" " Telegraph & Teletype Circuits	11
" " Spare Facilities Equipped	12
Physical L.D. Circuit Mileage	27,063.7
Phantom " " " " "	5,709.8
Part-Physical, part-Phantom Circuit Mileage	1,373.9
Carrier L.D. Circuit Mileage	45,531.6
Combined Carrier & Physical or Phantom Circuit Mileage	2,255.2
Telegraph & Teletype Circuit Mileage	3,081.8
Spare Facilities Circuit Mileage	574.3

Circuits operated by the Alberta Government Telephones leased from other companies:-

Physical L.D. Lines	3
Carrier " " "	36
Physical L.D. Circuit Mileage	731.8
Carrier L.D. " " "	8,340.4
Telegraph & Teletype Circuit Mileage (leased facilities connecting to A.G.T. Circuits).....	243.8

Circuits owned by the Alberta Government Telephones leased to other companies:-

Physical L.D. Lines	5
Phantom " " "	1
Part-Physical & part-Phantom L.D. Lines	2
Carrier L.D. Lines	11
Telegraph & Teletype Circuits	46
Physical L.D. Circuit Mileage	201.3
Phantom " " " "	66
Part-Physical & part-Phantom Circuit Mileage	87.6
Carrier L.D. Circuit Mileage	3,087.6
Telegraph & Teletype Circuit Mileage	13,782.6

For Special & Post-Doctoral Fellowships

GOVERNMENT OF THE PROVINCE OF ALBERTA
OFFICE OF THE PROVINCIAL AUDITOR

Edmonton, July 20, 1954.

Honourable Gordon E. Taylor,
Minister of Railways & Telephones,
Buildings.

I have audited the books and records of the Alberta Government Telephones for the year ended March 31, 1954. The following statements are submitted herewith:

<u>Statement</u>	<u>Particulars</u>
A.	Balance Sheet
B.	Condensed Statement of Income
C.	Surplus Account
D.	Depreciation and Renewal Reserve
	Alberta Government Telephones Pension and Death Benefit Fund:
E.	Balance Sheet
F.	Statement of Operations

Operations for the year resulted in a net income of \$2,899,817.27 after providing \$1,802,060.05 for debt charges, \$1,620,000.00 for depreciation and renewal reserve and \$80,228.88, being the net operating costs in respect of radio station CKUA. The net income was carried to the surplus account from which was appropriated \$2,000,000.00 for the depreciation and renewal reserve and \$336,935.37 for acquirement of capital assets, leaving a net balance in the surplus account of \$2,308,558.34 as at March 31, 1954.

Pension and death benefit fund assets are subject to the comments contained in the certificate attached to the Pension and Death Benefit Fund Balance Sheet.

The Alberta Government Telephones have the following estimated contingent liabilities which were not reflected on the Balance Sheet as at March 31, 1954:

In respect of commitments for purchase of equipment for future delivery	\$ 4,200,106.00
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In respect of uncompleted building contracts	153,543.00
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Subject to the foregoing, I certify that, in my opinion, the attached Balance Sheet is properly drawn up so as to show the true financial position of the Alberta Government Telephones as at March 31, 1954, according to information and explanations given to me and as shown by the books of the Alberta Government Telephones, and the accompanying Condensed Statement of Income correctly sets forth the results of operations for the year ended at that date.

C.K. Huckvale, F.C.A.,
Provincial Auditor

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GOVERNMENT OF THE PROVINCE OF ALBERTAALBERTA GOVERNMENT TELEPHONESBALANCE SHEET AS AT MARCH 31, 1954ASSETS

Capital:

Plant in service:

Real Estate	\$ 7,154,010.26
Equipment	23,077,445.58
Exchange lines	10,631,496.09
Toll lines	<u>13,323,806.08</u>

\$ 54,186,758.01
1,465,444.82

Construction in progress

\$ 55,652,202.83

Other telephone equipment and supplies:

Supplies	\$ 2,024,800.76
Tools, vehicles and sundry equipment	506,457.24
Office furniture and fixtures	<u>421,525.49</u>

2,952,783.49

\$ 58,604,986.32

Current:

Cash on hand and in bank	\$ 1,456,453.38
Accounts receivable, less allowance for doubtful accounts	1,308,317.31
Prepaid expenses	<u>125,156.84</u>

2,889,927.53

Reserve funds:

Depreciation and renewal reserve fund assets, Statement D	\$ 1,116,282.99
Pension and death benefit fund, Statement E	<u>4,685,747.44</u>

5,802,030.43

Trust funds:

Cash on hand	\$ 495.30
Government of Canada bonds	<u>138,955.25</u>

139,450.55\$ 67,436,394.83

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LIABILITIES

Capital:

Advance from Provincial Treasurer	\$ 37,180,563.93
Capital surplus arising from capital assets acquired from revenue funds	12,488,153.47
Depreciation and renewal reserve fund invested in plant	<u>8,936,268.92</u>

\$ 58,604,986.32

Current:

Accounts payable	\$ 115,986.09	
Accrued interest, not due	373,793.86	
Unearned revenue	<u>91,589.24</u>	
		581,369.19

Reserves:

Depreciation and renewal reserve	\$ 10,052,551.91	
Less: Investment in plant	<u>8,936,268.92</u>	
	\$ 1,116,282.99	
Pension and death benefit reserve	<u>4,685,747.44</u>	
		5,802,030.43

Surplus as per Statement C

2,308,558.34

Trust:

Employees' savings bonds	\$ 80,821.35	
Government of Canada bond instalments payable	<u>58,629.20</u>	
		139,450.55

\$ 67,436,394.83

This is the Balance Sheet referred to in my report of July 20, 1954,
addressed to the Minister of Railways and Telephones.

C.K. Huckvale, F.C.A.
Provincial Auditor

Statement B

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GOVERNMENT OF THE PROVINCE OF ALBERTA

ALBERTA GOVERNMENT TELEPHONES

CONDENSED STATEMENT OF INCOME

FOR THE YEAR ENDED MARCH 31, 1954

Telephone operating revenue:

Exchange earnings		\$ 4,619,475.26
Connecting companies rentals		185,447.98
Toll earnings	\$ 8,100,441.98	
Less: Toll interchange	<u>1,193,921.30</u>	
		<u>6,906,520.68</u>
		\$ 11,711,443.92

Other revenue:

Leased line rentals	\$ 361,487.85	
Installations, moves, etc.	182,104.12	
Directory	164,855.12	
Miscellaneous	<u>74,579.29</u>	
		<u>783,026.38</u>

Gross telephone earnings \$ 12,494,470.30

Telephone operating expenses:

Operations	\$ 4,561,204.25	
Maintenance	<u>1,280,721.40</u>	
	\$ 5,841,925.65	
Provision for depreciation and renewal		1,620,000.00
Debt charges:		
Interest on debt	\$ 1,034,535.61	
Debt retirement	763,964.19	
Commission and exchange	<u>3,560.25</u>	
		1,802,060.05

Pension fund contributions	<u>330,667.33</u>	
		<u>9,594,653.03</u>

Net operating income for the year ended March 31, 1954		<u>\$ 2,899,817.27</u>
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GOVERNMENT OF THE PROVINCE OF ALBERTA

ALBERTA GOVERNMENT TELEPHONES

SURPLUS ACCOUNT

AS AT MARCH 31, 1954

Surplus as at April 1, 1953 \$ 1,745,676.44

Add:

Net operating income for the year ended
March 31, 1954 2,899,817.27

\$ 4,645,493.71

Deduct:

Special appropriation to
depreciation and renewal
reserve \$ 2,000,000.00

Appropriation for acquirement
of capital assets 336,935.37

2,336,935.37

Surplus as at March 31, 1954 \$ 2,308,558.34

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GOVERNMENT OF THE PROVINCE OF ALBERTAALBERTA GOVERNMENT TELEPHONESDEPRECIATION AND RENEWAL RESERVEFOR THE YEAR ENDED MARCH 31, 1954

Reserve as at April 1, 1953 \$ 7,455,352.07

Add:

Special appropriation from surplus account	\$ 2,000,000.00	
Provision during the year	1,620,000.00	
Interest earnings	<u>35,330.54</u>	
		<u>3,655,330.54</u>

\$ 11,110,682.61

Deduct: Charges to reserve:

Plant displaced, net	\$ 418,233.56	
Cost of repairs, rearrangements, etc. on reconstruction estimates	295,574.15	
Cost of removing plant	155,148.03	
Supervision, engineering and other associated costs chargeable to reserve	124,622.50	
Obsolete, worthless equipment and supplies written off	43,768.11	
Sundry equipment replaced, net	19,428.90	
Cost of extraordinary repairs	1,230.12	
Loss on sale of lines	1,034.20	
Inventory adjustment	19,338.67	
Other charges to reserve, net	<u>18,429.80</u>	
		<u>1,058,130.70</u>

Reserve as at March 31, 1954 \$ 10,052,551.91

Represented by:

Fund assets:

Cash in bank	\$ 16,782.64	
Investments:		
Government of Canada Bonds, par value	1,095,000.00	
(Market value \$1,095,200.00)		
Accrued interest	<u>4,500.35</u>	
		\$ 1,116,282.99
Plant investment		<u>8,936,268.92</u>
		\$ <u><u>10,052,551.91</u></u>



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GOVERNMENT OF THE PROVINCE OF ALBERTAALBERTA GOVERNMENT TELEPHONESPENSION AND DEATH BENEFIT FUNDBALANCE SHEET AS AT MARCH 31, 1954ASSETS

Cash on hand and in bank	\$ 101,880.70
Investments at book value	4,545,000.00
Accrued interest	<u>38,866.74</u>
	<u>\$ 4,685,747.44</u>

LIABILITIES

Pension and Death Benefit Fund Reserve:	
Employees' accounts	\$ 1,053,207.02
Alberta Government Telephones' account	<u>3,594,864.58</u>
	\$ 4,648,071.60
Undistributed earnings	<u>37,675.84</u>
	<u>\$ 4,685,747.44</u>

Edmonton, Alberta
July 20, 1954

I have audited the books and records of the Alberta Government Telephones Pension and Death Benefit Fund for the year ended March 31, 1954.

Investments as at March 31, 1954, were verified by actual examination and are summarized hereunder:

<u>Bonds and debentures</u>	<u>Par value</u>
Government of Canada	\$ 1,345,000.00
Provincial direct and guaranteed	1,896,000.00
Municipal	1,104,000.00
School districts	<u>200,000.00</u>
	<u>\$ 4,545,000.00</u>

The approximate market value of the above securities amounted to \$4,393,000.00 as at July 5, 1954.

United States

Department of the Interior

Geological Survey

Washington, D.C.

Division of Paleontology

Office

Room 1000
National Museum
Washington, D.C.

Attention

Mr. T. C. [Name] [Address]
[City] [State] [Zip]

Dear Sir:

Very truly yours,
[Signature]

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An actuarial survey as at December 31, 1951, indicates that the fund, as presently constituted, will be sufficient to meet all future requirements.

I certify that, in my opinion, the above Balance Sheet is properly drawn up so as to show the true financial position of the Pension and Death Benefit Fund as at March 31, 1954, according to information and explanations given to me and as shown by the books of the Fund, and the accompanying Statement of Operations correctly summarizes the transactions for the year ended at that date.

C.K. Huckvale, F.C.A.
Provincial Auditor

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GOVERNMENT OF THE PROVINCE OF ALBERTAALBERTA GOVERNMENT TELEPHONESPENSION AND DEATH BENEFIT FUNDSTATEMENT OF OPERATIONSFOR THE YEAR ENDED MARCH 31, 1954

	<u>Employees'</u> <u>Account</u>	<u>Alberta</u> <u>Government</u> <u>Telephones'</u> <u>Account</u>	<u>Total</u>
Pension fund as at April 1, 1953	\$ 916,875.93	\$ 3,263,426.83	\$ 4,180,302.76
Add: Contributions and earnings allocated for the year:			
Contributions	206,892.51	330,673.74	537,566.25
Earnings allocated	26,512.09	120,881.48	147,393.57
Transfers in respect of employees retiring on pension	<u>35,403.22</u>	<u>35,403.22</u>	
	\$ <u>1,114,877.31</u>	\$ <u>3,750,385.27</u>	\$ <u>4,865,262.58</u>
Deduct:			
Withdrawals	\$ 61,670.29	\$	\$ 61,670.29
Pension payments		<u>155,520.69</u>	<u>155,520.69</u>
	\$ <u>61,670.29</u>	\$ <u>155,520.69</u>	\$ <u>217,190.98</u>
Pension fund as at March 31, 1954	\$ <u><u>1,053,207.02</u></u>	\$ <u><u>3,594,864.58</u></u>	\$ <u><u>4,648,071.60</u></u>

